

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re Lexington Precision Corporation and Lexington Rubber Group, Inc  
Debtor

Case No. 08-11153 & 08-11156  
Reporting Period: January 2009

Federal Tax I.D. # 22-1830121 & 13-3525759

CORPORATE MONTHLY OPERATING REPORT – January 2009

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	Waived**
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	No	Waived**
Copies of bank statements		No	Waived**
Cash disbursements journals		No	Waived**
Statement of Operations	MOR-2	Yes	Consolidated Statement of Operations
Reorganization items paid	MOR-2 (Cont.)	Yes	No explanation necessary.
Balance Sheet	MOR-3	Yes	Consolidated Statement of Operations
Status of Post-petition Taxes	MOR-4	Yes	No explanation necessary.
Copies of IRS Form 6123 or payment receipt		No	Waived**
Copies of tax returns filed during reporting period		No	Waived**
Summary of Unpaid Post-petition Debts	MOR-4	Yes	No explanation necessary.
Listing of Aged Accounts Payable		No	All post-petition accounts payable are current.
Accounts Receivable Reconciliation and Aging	MOR-5	Yes	No explanation necessary.
Taxes Reconciliation and Aging	MOR-5	Yes	No explanation necessary.
Payments to Insiders and Professional	MOR-6	Yes	No explanation necessary.
Post Petition Status of Secured Notes	MOR-6	Yes	No explanation necessary.
Debtor Questionnaire	MOR-7	Yes	No explanation necessary.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Authorized Individual\*

Date March 26, 2009

Printed Name of Authorized Individual Dennis J. Welhouse

Date March 26, 2009

Senior vice President and CFO

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

\*\* Inclusion of this and certain other information has been waived per discussions with Official Creditors' Committee and the Office of the United States Trustee.

In re Lexington Precision Corporation  
DebtorCase No. 08-11153  
Reporting Period: Jan 2009**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS				CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
	OPER	PAYROLL	TAX	OTHER	
<b>CASH BEGINNING OF MONTH</b>					
<b>RECEIPTS</b>					
ACCOUNTS RECEIVABLE					932,141.70
DIP LOANS					-
OTHER: Premier Tool and Die					-
OTHER: Miscellaneous Receipts					31,924.56
<b>TOTAL RECEIPTS</b>					964,066.26
<b>DISBURSEMENTS</b>					
NET PAYROLL					
PAYROLL TAXES					
SALES, USE, & OTHER TAXES					
INVENTORY PURCHASES					
SECURED/ RENTAL/ LEASES					
INSURANCE					
ADMINISTRATIVE					
SELLING					
OTHER (ATTACH LIST)					
OWNER DRAW *					
TRANSFERS (TO DIP ACCTS)					
PROFESSIONAL FEES					
U.S. TRUSTEE QUARTERLY FEES					
COURT COSTS					
<b>TOTAL DISBURSEMENTS</b>					2,255,741.74
<b>NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)</b>					
<b>CASH - END OF MONTH</b>					

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

**THE FOLLOWING SECTION MUST BE COMPLETED**

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

<b>TOTAL DISBURSEMENTS</b>	\$2,255,741.74
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	\$0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$0.00
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	\$2,255,741.74

In re Lexington Rubber Group, Inc.  
DebtorCase No. 08-11156  
Reporting Period: Jan 2009**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS				CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
	OPER	PAYROLL	TAX	OTHER	
<b>CASH BEGINNING OF MONTH</b>					
<b>RECEIPTS</b>					
ACCOUNTS RECEIVABLE					3,896,298.66
DIP LOANS					-
OTHER: Cobra					
OTHER: Miscellaneous Receipts					1,650.49
<b>TOTAL RECEIPTS</b>					3,897,949.15
<b>DISBURSEMENTS</b>					
NET PAYROLL					
PAYROLL TAXES					
SALES, USE, & OTHER TAXES					
INVENTORY PURCHASES					
SECURED/ RENTAL/ LEASES					
INSURANCE					
ADMINISTRATIVE					
SELLING					
OTHER (ATTACH LIST)					
OWNER DRAW *					
TRANSFERS (TO DIP ACCTS)					
PROFESSIONAL FEES					
U.S. TRUSTEE QUARTERLY FEES					
COURT COSTS					
<b>TOTAL DISBURSEMENTS</b>					3,853,226.29
<b>NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)</b>					
<b>CASH - END OF MONTH</b>					

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

**THE FOLLOWING SECTION MUST BE COMPLETED**

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

<b>TOTAL DISBURSEMENTS</b>	\$3,853,226.29
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	\$0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$0.00
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	\$3,853,226.29

LEXINGTON PRECISION CORPORATION – CONSOLIDATED

January 2009

# CONSOLIDATED STATEMENTS OF EARNINGS

MONTH

in thousands of dollars

Case no's 08-11153 & 08-11156

	MONTH	
	Actual	
Gross sales	4,640	100.4 %
Returns	12	0.3
Discounts & allowances	8	0.2
Net sales	4,620	100.0
Cost of sales:		
Material cost	1,513	32.7
Direct labor	380	8.2
Factory overhead	2,252	48.7
Total	4,145	89.7
Gross profit	475	10.3
Selling, general & admin. expense:		
Marketing & sales	81	1.8
General & administrative (1)	839	18.2
Total	920	19.9
Operating profit	(445)	(9.6)
Nonoperating expense (income):		
Interest expense (2)(3)	616	13.3
Interest (income)	—	—
Unrealized loss (gain) on trading securities	(8)	(0.2)
Total	608	13.2
Earnings (loss) before taxes	(1,053)	(22.8)
Income taxes	4	0.1
Earnings (loss) from continuing operations	(1,057)	(22.9)
Income (loss) from discontinued operations	(12)	(0.3)
Net income (loss)	(1,069)	(23.1) %
EBITDA:		
Operating Profit	(445)	(9.6) %
Depreciation	384	8.3
Amortization (operating only)	16	0.3
EBITDA	(45)	(1.0) %
Other Data & Statistics:		
Average number of employees (#)	466	NA
Sales per employee (\$)	119	NA

(1) Includes \$492,000 of expenses that are classified as reorganization items pursuant to SOP 90-7.

(2) Excludes interest expense of \$14,000 allocated to discontinued operations for the months of January 2009 and 2008.

(3) Includes \$107,000 of interest on missed interest payments for the holders of the Company's unsecured debt and \$34,000 of interest for the holders of the Company's DIP loan during January 2009.

In re Lexington Precision Corporation - Consolidated  
Debtor

Case No. 08-11153 & 08-11156  
Reporting Period: January 2009

REORGANIZATION ITEMS		
Professional Fees		
Stout Risius Ross, Inc.	40,224.10	
Andrews Kurth	0.00	
Weil, Gotshal & Manges LLP	51,742.10	
W. Y. Campbell & Company	92,339.96	
Nixon Peabody	0.00	
U. S. Trustee Quarterly Fees - LRG	13,000.00	
U. S. Trustee Quarterly Fees - LPC	13,000.00	
Interest Paid to Lexington on Accumulated Cash from Chapter 11 - DIP Cash (see continuation sheet)	8,385.59	
Interest Paid to Lexington on Accumulated Cash from Chapter 11 - Operating Cash (see continuation sheet)	2,095.40	
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
DIP Interest	33,444.45	
CapitalSource Reimbursement	76,684.39	
Epiq Bankruptcy Solutions, LLC	22,711.06	
Intralinks, Inc.	538.75	
AccuVal Associates, Inc.	0.00	
Total Reorganization Expenses		
Income Taxes		
Net Profit (Loss)		

\*"Insider" is defined in 11 U.S.C. Section 101(31).

#### BREAKDOWN OF "OTHER" CATEGORY

##### OTHER COSTS


##### OTHER OPERATIONAL EXPENSES


##### OTHER INCOME


##### OTHER EXPENSES


##### OTHER REORGANIZATION EXPENSES


#### Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

LEXINGTON PRECISION CORPORATION – CONSOLIDATED

January 2009

## CONSOLIDATED BALANCE SHEETS

in thousands of dollars

Case no's 08-11153 & 08-11156

ASSETS	Actual
Current assets:	
Cash	4,289
Marketable securities	38
Accounts receivable	6,625
Inventories	10,969
Prepaid expenses and other current assets	2,645
Deferred income taxes	98
Current assets of discontinued operations	21
Total current assets	24,685
Plant & equipment	
Land	2,255
Buildings	13,378
Machinery & equipment	112,157
	127,790
Accumulated depreciation	109,600
Plant & equipment, net	18,190
Plant & equipment of discontinued operations, net	1,222
Goodwill	7,623
Deferred financing expenses	—
Other assets	602
	52,322
LIABILITIES & SHAREHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	8,199 (1)
Accrued income taxes	9
Accrued interest expense	13,854
Accrued operating expenses	3,990 (2)
Short-term debt	18,219 (3)
Current portion of LTD	54,886
Current liabilities of discontinued operations	323
Total current liabilities	99,480
Long-term debt, net of current portion	—
Long-term portion of post-retirement obligation	256
Other long term liabilities	136
Deferred income taxes	98
Shareholders' deficit:	
Common stock	1,242
Add'l paid-in-capital	13,198
Accumulated deficit	(61,912)
Accumulated other comprehensive loss	(176)
Total shareholders' deficit	(47,648)
	52,322

(1) As of January 31, 2009, accounts payable and current liabilities of discontinued operations include prepetition accounts payable in the amount of approximately \$5,432,000 and \$174,000 respectively. Accounts payable includes \$957,000 of billings from attorneys, investment advisors, and other fees and expenses incurred in connection with the Company's filing under chapter 11 of the Bankruptcy Code.

(2) As of January 31, 2009, accrued expenses includes \$429,000 of fees and expenses accrued in connection with the Company's filing under chapter 11.

(3) Includes revolving line of credit in the amount of \$14,219,000 and the DIP loan in the amount of \$4,000,000.

January 2009	1/7	1/8	1/14	1/16	1/16	1/15	1/21	1/22	1/23	1/26	1/28	1/29	1/30	Totals
<b>Federal</b>	1,519.37	6,037.50	22,234.37	14,917.85			2,012.62	14,336.53	-	-	2,012.43	34,047.08	-	97,117.55
FICA - Employee	1,519.36	6,037.55	22,234.39	14,917.83			2,012.81	14,336.31	-	-	2,012.46	34,047.17	-	97,117.98
FICA - Employer	159.89	631.20	2,320.87	1,559.86			210.49	1,499.03	-	-	210.45	3,329.28	-	9,920.07
Unemployment	1,443.41	5,256.04	32,500.17	15,122.73			2,186.78	14,097.35	-	-	2,153.29	42,626.07	-	115,387.84
Income														
Other:														
<b>Total Federal Taxes</b>	4,641.03	17,962.29	79,286.60	46,516.37			6,424.90	44,269.22	-	-	6,388.63	114,049.60	-	319,543.84
<b>State and Local</b>														
<b>GA - Georgia</b>														
Withholding	-	386.43	3,445.30	3,236.08			-	2,863.84	-	-	6,573.58	-	-	16,505.23
Unemployment	-	518.98	3,874.14	4,419.16			-	3,894.30	-	-	11,175.69	-	-	23,982.28
Real Property	-	-	-	-			-	-	-	-	-	-	-	-
Other:	-	-	-	-			-	-	-	-	-	-	-	-
<b>NY - New York</b>														
Withholding	-	290.56	1,408.38	1,059.27			-	1,050.38	-	-	2,363.93	-	-	6,212.52
Unemployment	-	1,511.47	3,030.61	3,526.29			-	3,224.50	-	-	6,114.01	-	-	17,506.56
Real Property	-	-	-	-			-	-	-	-	-	-	-	-
Other: DI	-	-	-	-			-	-	-	-	-	-	-	-
<b>OH - Ohio</b>														
Withholding	365.09	255.21	4,231.73	335.26			567.54	413.26	-	-	574.77	3,988.85	-	10,640.71
Unemployment	1,339.26	659.58	8,353.85	803.10			1,771.43	929.95	-	-	1,771.11	6,395.91	-	22,023.89
Real Property	-	-	-	-			-	-	-	-	-	-	-	-
Other:	-	-	-	-			-	-	-	-	-	-	-	-
<b>PA - Pennsylvania</b>														
Withholding	55.43	-	65.65	-			65.65	-	-	-	65.65	-	-	252.36
Unemployment	-	-	-	-			-	-	-	-	-	-	-	-
Real Property	-	-	-	-			-	-	-	-	-	-	-	-
Other:	-	-	-	-			-	-	-	-	-	-	-	-
<b>SC - South Carolina</b>														
Withholding	-	1,721.77	2,569.43	3,045.77			-	2,864.69	-	-	-	5,064.62	-	15,286.28
Unemployment	-	1,469.50	1,742.76	2,378.07			-	2,339.92	-	-	-	3,920.83	-	11,871.08
Real Property	-	-	-	-			-	-	-	-	-	-	-	-
Other:	-	-	-	-			-	-	-	-	-	-	-	-
<b>AK - Alaska</b>														
BR - Brewster VLG, OH	-	16.29	-	16.29			-	16.29	-	-	-	16.29	-	65.16
CA - Canton City, OH	-	11.97	-	11.62			-	13.34	-	-	-	11.74	-	48.67
CO - Columbiana, OH	-	-	5.40	-			5.40	-	-	-	5.40	-	-	16.97
CS - Col.SD, OH	0.77	-	5.06	-			5.06	-	-	-	5.06	-	-	15.88
GI - Girard City, OH	1.94	-	11.17	-			11.17	-	-	-	11.17	-	-	35.45
GR - Green City, OH	-	-	43.75	-			-	-	-	-	-	43.75	-	87.50
HU - Hubbard City, OH	-	-	-	-			-	-	-	-	-	-	-	-
MD - McDonald Vfl, OH	4.27	-	42.95	-			11.21	-	-	-	11.21	31.74	-	101.39
NC - No Canton Ci, OH	-	47.37	-	-			-	-	-	-	-	47.37	-	94.74
NF - New Franklin, OH	-	5.72	-	7.60			-	8.59	-	-	-	7.45	-	29.36
NI - Niles City, OH	-	-	92.03	-			16.69	-	-	-	24.62	89.53	-	243.94
NP - New Philadel, OH	-	-	-	-			-	-	-	-	-	-	-	-
PP - Pepper Pike	-	-	21.61	-			-	-	-	-	-	21.61	-	43.22
PY - Pymatuning T, PA	10.14	-	94.11	-			11.33	-	-	-	11.33	92.38	-	186.49
SH - Sharon City, PA	4.45	-	11.33	-			5.61	-	-	-	-	-	-	44.13
SL - Springfield LS, OH	-	-	5.61	-			-	-	-	-	5.61	-	-	21.28
SP - Sharpsville, PA	-	-	-	-			-	-	-	-	-	-	-	-
ST - Struthers Ci, OH	-	-	-	-			-	-	-	-	-	-	-	-
SW - Slow City, OH	-	-	-	-			-	-	-	-	-	-	-	-
WA - Warren City, OH	68.28	-	84.95	-			64.51	-	-	-	63.35	-	-	279.09
YT - Youngstown C, OH	-	-	-	-			-	-	-	-	-	-	-	-
<b>Total State and Local</b>	1,867.20	7,165.49	29,207.39	18,671.51			2,535.60	17,728.26	-	-	2,549.48	45,969.26	-	125,594.21
<b>Total Payroll Taxes</b>	6,508.23	25,127.78	106,497.19	65,189.88			8,960.50	61,997.48	-	-	8,938.11	159,918.86	-	445,136.05
<b>Non-Payroll Taxes</b>														
Ohio Dept. of Taxation Use Tax	-	-	-	-			-	-	64.49	-	-	-	-	64.49
Treasurer of State of Ohio Use Tax	-	-	-	-			-	-	-	-	-	-	-	64.49
York County, SC Treasurer Property Taxes 2008	-	-	-	-			-	-	-	247.76	-	-	-	247.76
South Carolina Dept. of Rev. Use Tax (Oct. Nov. Dec 2008)	-	-	-	129,535.48			-	-	-	-	-	-	-	129,535.48
Georgia Department of Revenue December 2008 Use Tax	-	-	-	4,267.86			-	-	-	-	-	-	-	4,267.86
Gilmer County, GA Property Tax 2008	-	-	-	251.34			-	-	-	-	-	-	-	251.34
City of Jasper, GA Property Tax 2008	-	-	-	9,285.46			-	-	-	24,020.14	-	-	-	9,285.46
Pickens County, GA Property Tax 2005	105,581.08	-	-	-			-	-	-	-	-	-	-	24,020.14
<b>Total Non Payroll Taxes</b>	105,581.08	-	-	251.34			9,285.46	-	-	64.49	-	-	247.76	273,353.61
<b>Total Taxes</b>	112,089.31	25,127.78	108,497.19	198,993.22			9,285.46	61,997.48	64.49	24,020.14	8,938.11	159,918.86	247.76	716,301.55
<b>MOR - 4 (%)</b>	-	-	-	-			-	-	-	-	-	-	-	-

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91	
Accounts Payable						
Wages Payable						
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Secured						
Professional Fees						
Amounts Due to Insiders						
Other:						
Other:						
Total Post-petition Debts						

There are no unpaid post petition debts. All debts are either paid or within credit terms



In re Lexington Precision Corporation - Consolidated Case No. 08-11153 & 08-11156  
Debtor Reporting Period: January 2009

### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	7,678,614.86
Plus: Amounts billed during the period	4,660,109.09
Less: Amounts collected during the period	4,828,440.36
Less: Miscellaneous adjustments	8,128.63
Total Accounts Receivable at the end of the reporting period	7,502,154.96

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	4,982,176.22	-	-	-	4,982,176.22
31 - 60 days old	-	837,824.12	-	-	837,824.12
61 - 90 days old	-	-	783,271.00	-	783,271.00
91+ days old	-	-	-	898,883.62	898,883.62
Total Accounts Receivable	4,982,176.22	837,824.12	783,271.00	898,883.62	7,502,154.96
Less: Bad Debts (Amount considered uncollectible)	-	-	-	-	919,000.00
Plus: Accrual adjustment	-	-	-	-	42,000.00
Net Accounts Receivable	-	-	-	-	6,625,154.96

### TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old			All taxes are current.		
91+ days old					
Total Taxes Payable					
Total Accounts Payable					



In re Lexington Precision Corporation - Consolidated  
Debtor

Case No. 08-11153 & 08-11156  
Reporting Period: January 2009

### DEBTOR QUESTIONNAIRE

	Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.	Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?	X (To date, standard end of term (June 30, 2008) non-renewal notices.)	
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?		X
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?	Yes	See footnote (1)

(1) Michael A. Lubin, Chairman of the Board, and William B. Conner, a Director of the Company, received DIP interest during January 2009 in the amounts of \$17,222.22 and \$4,305.45 respectively.